APPENDIX I.

[Vide answer to starred question No. 16 asked by Sri M. Kalyanasundaram at the meeting of the Legislative Assembly held on 28th October 1957, page 91 supra.]

G.O. Ms. No. 3878, Development, dated 5th October 1945.

[Rent—Madras House Rent Control Order, 1941—Assessment of houses occupied by owners—Annual rental value—Fixation—Instructions to local bodies—Issued.]

READ—the following paper :—

From the Commissioner, Corporation of Madras, dated 1st August 1945, R.D.C. No. 17769 of 1945.

Order—No. 3878, *Development, dated 5th October* 1945.

Under clause 5 of the Madras House Rent Control Order, 1941, the Controller should, in fixing the fair rent for a house have due regard, among other things, to the rental value of the building as entered in the property tax assessment book of the local board or the municipality as the case may be, during the twelve months prior to the 1st April 1940. It has been brought to the notice of the Government that the taxation policy of the Corporation of Madras is not in conformity with the above provisions of the Madras House Rent Control Order as the Corporation has increased the annual rental values of certain houses over and above the levels which existed prior to 1st April 1940, while the owners of these houses are prohibited from raising the rent for them. The Government have examined the question in consultation with the Commissioner, Corporation of Madras.

2. The Commissioner, Corporation of Madras, has stated that the assessments of houses occupied by the owners are revised in conformity with the principles laid down in section 100 (2) of the Madras City Municipal Act according to which the annual value of lands and buildings shall be deemed to be the gross annual rent at which they may reasonably be expected to be let from month to month and from year to year subject to certain deductions and that the gross annual rent is arrived at by taking into consideration the rent which similar buildings are actually fetching. The Commissioner has also observed that there is no question of fair rent being fixed in these cases on the basis of the rent which prevailed in 1939–40. The Government consider that the procedure followed by the Corporation in arriving at the gross annual rent in respect of the owner occupied houses is not justifiable so long as the Madras House Rent Control Order, 1941, is in force in view of the following facts. The Rent Control Order does not prohibit a landlord from increasing the rent of a house over the pre-war levels provided the tenant agrees to pay the increased amount. Only if the tenant considers that the rent is excessive, it is open to him to apply to the Rent Controller and

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get the fair rent fixed for the house. But such cases are not likely to be many. Consequently only the high rent now paid by the tenants in the locality due to scarcity of accommodation is taken into consideration in fixing the gross annual rent for the owner occupied houses. A landlord occupying his own house is thus forced to pay, for no fault of his own, more assessment on the ground that similar houses occupied by tenants in the locality are fetching higher rents at present. The Government consider, that, so long as the Madras House Rent Control Order, 1941, is in force, the annual rental value in respect of a house occupied by the owner should not be raised by any municipality or local board, as the case may be, to an amount more than that which prevailed during the twelve months prior to 1st April 1940, unless its rental value has been increased by improvement or additions to the building.

(By order of His Excellency the Governor)

C. V. NARASIMHAN,
Deputy Secretary to Government.

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